



Annual Charity Care Report of 2023

**Tennessee Health Facilities Commission
Logan Grant, Executive Director**

January 13, 2023



State of Tennessee
Health Facilities Commission

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January 13, 2023

The Honorable Randy McNally
Lt. Governor and Speaker of the Senate

The Honorable Cameron Sexton
Speaker of the House of Representatives

The Honorable Rusty Crowe, Senate Health and Welfare Committee Chairman
The Honorable Bryan Terry, House Health Committee Chairman
Members of the 113th General Assembly
Cordell Hull Building
425 Rep. John Lewis Way N.
Nashville, TN 37243

Members of the General Assembly:

The *Annual Charity Care Report of 2023* is submitted herewith in accordance with Tennessee Code Annotated Section 68-11-1606.

The Executive Director of the Health Facilities Commission is required to submit an annual report that includes a comparison of the actual payer mix and uncompensated care provided by certificate of need holders with the projections the holders submitted in the holder's certificate of need application.

Included with this report is a letter submitted by Community Health Systems (CHS) which makes important observations and criticisms of the data use by HFC in its analysis. We accept this feedback in the constructive manner it was intended and will continue to work on better ways to measure charity care in Tennessee.

The Health Facilities Commission is committed to continually improving the delivery of valuable healthcare services in the state of Tennessee.

Sincerely,
Logan Grant

Executive Director
Health Facilities Commission

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EXECUTIVE SUMMARY

The *Annual Charity Care Report of 2023* provides a comparison of the amount of charity care projected by Certificate of Need (CON) applicants with the actual amount of charity care subsequently reported. Charity care is defined as a reduction in charges made by a service provider because of the indigence or medical indigence of the patient. Only facilities that were approved for a CON between 2017 and 2021 are analyzed due to the charity care projection requirement implemented into the CON application in 2017.

The facilities examined in this report include twelve ambulatory surgical treatment centers (ASTCs), ten home health agencies, one hospice, fifteen hospitals, seven nursing homes, and three outpatient diagnostic centers (ODCs).

The Health Facilities Commission reports the following findings:

- In CON applications approved from 2017 to 2021, facilities projected a total annual amount of \$111,359,617 (\$111 million) of charity care to be provided. In 2021 or 2022, depending on the most recent Joint Annual Report, these facilities reported a total amount of \$1,226,064,685 (\$1 billion) of charity care provided.
- ASTCs projected \$2,421,174 of charity care to be provided. In 2021, these ASTCs reported providing \$131,269 of charity care.
- Home Health Agencies projected \$291,556 of charity care to be provided. In 2021, these home health agencies reported providing \$182,549 of charity care.
- The Hospice projected \$24,214 of charity to be provided. In 2021, the hospice reported providing \$58,624 of charity care.
- Hospitals projected \$107,787,064 of charity care to be provided. In 2020, these hospitals reported providing \$1,225,429,642 of charity care.
- Nursing Homes projected \$43,641 of charity to be provided. In 2020, these nursing homes reported providing \$0 of charity care.
- ODCs projected \$791,968 of charity care to be provided. In 2021, these ODCs reported providing \$262,601 of charity care.

INTRODUCTION AND METHODOLOGY

The *Annual Charity Care Report of 2022* provides a comparison of the amount of charity care projected by Certificate of Need (CON) applicants with the actual amount of charity care subsequently reported. The intent of this report is to promote accountability of CON-holders to the charity care they alleged during the application process. When considering a CON application, the Health Facilities Commission board members evaluate the charity care provided by a project as a component of its potential advantage to consumers in that community.

The facility types examined in this report include ambulatory surgical treatment centers (ASTCs), home health agencies, hospices, hospitals, nursing homes, and outpatient diagnostic centers (ODCs). A total of 48 facilities in Tennessee are included in this report; only facilities that were approved for a CON between 2017 and 2021 are analyzed.

Charity care is defined as a reduction in charges made by a service provider because of the indigence or medical indigence of the patient. The patient's indigence must be determined by the provider after considering the patient's total resources. Medical indigence is a status reached when a person uses or commits all available current and expected resources to pay for medical bills. If indigence is determined, then the provider may deem the debt uncollectable and determine it as charity care.

Data for the reported payer mix of these facilities is compiled from the Department of Health's *2021 Joint Annual Reports*, with the exception of hospitals and nursing homes. The data for hospitals and nursing homes is compiled from the *2020 Joint Annual Reports*. Data regarding CON projects and projected charity care is compiled from the Health Facilities Commission's Certificate of Need Database.

There are limitations to using data from the Joint Annual Reports. This data is self-reported from the facilities and can be inconsistent. Charity care is not a revenue source, so it cannot be used in formulas directly to find it as a percentage of revenue.

Legislation passed by the Tennessee General Assembly in 2016 required CON applicants to begin projecting charity care provided. Because of this, only providers who submitted an application, received approval, and initiated a CON project between the years 2017 and 2021 have been included in the report's data analysis. Furthermore, some of the projected charity care amounts found within the CON Database are based on the CON project rather than the facility as a whole, particularly for hospital projects that involved adding a service as opposed to establishing an entire institution.

GENERAL TRENDS

A total of forty-eight (48) health facilities in Tennessee are included in this report. Of those, twelve are ASTCs; fifteen are hospitals; ten are home health agencies; seven are nursing homes; one is a hospice; and three are ODCs.

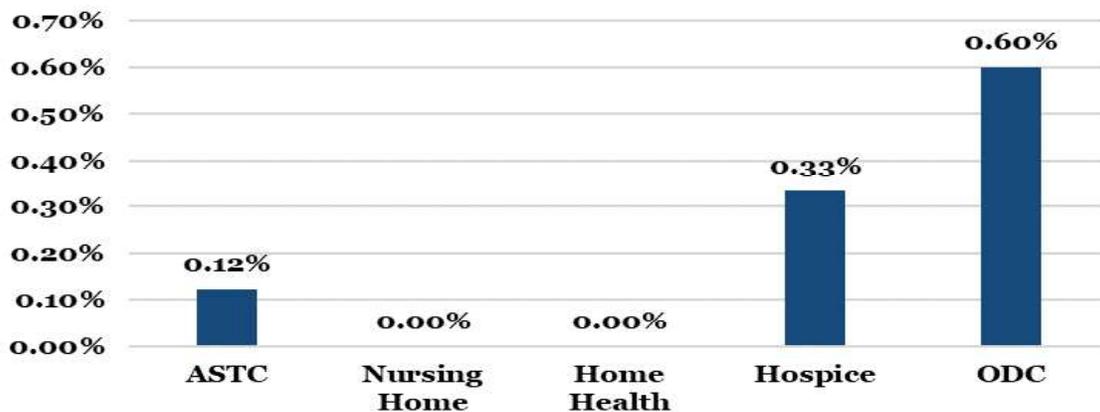
The most recent Joint Annual Reports data show that these health facilities reported a total revenue of \$4,229,795,034 (\$4.2 billion). These facilities report providing \$1,226,064,685 (\$1.2 billion) of charity care. Therefore, for these facilities, 28.98% of revenue may be identified as charity care.

When applying for a CON from the years 2017 to 2021, these facilities projected a total annual amount of \$111,359,617 (\$111 million) of charity care provided. In 2020 or 2021, depending on the most recent Joint Annual Report, the facilities reported a total amount of \$1,226,064,685 (\$1 billion) of charity care provided.

Hospitals report providing the greatest amount of charity care compared to the other facility types. Due to the large numbers skewing the data, this section of the report excludes hospitals and only focuses on the general trends of ASTCs, home health agencies, nursing homes, hospices, and ODCs.

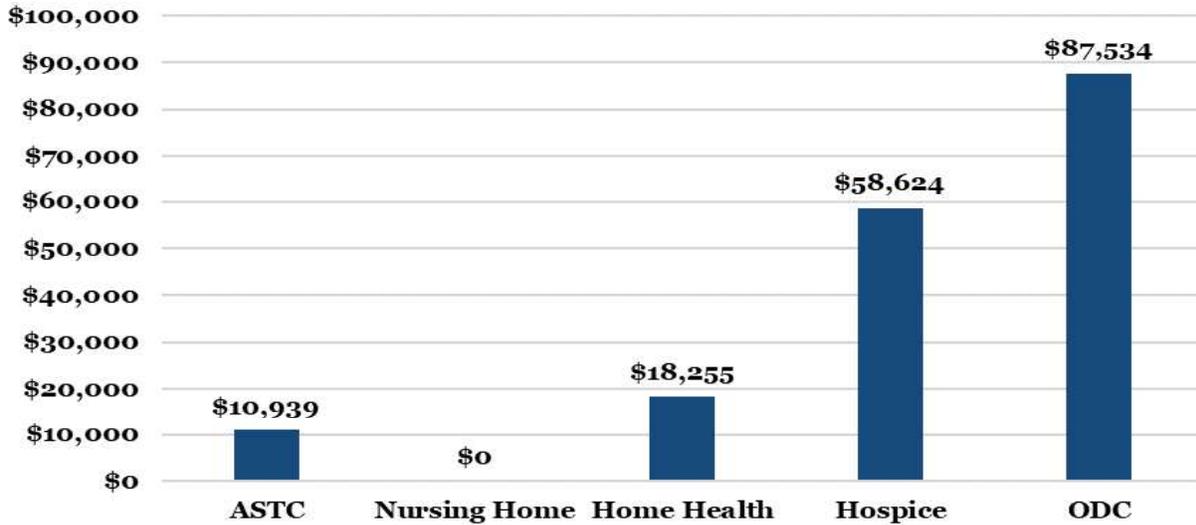
In the most available Joint Annual Report, ASTCs, home health agencies, nursing homes, hospices, and ODCs reported a total revenue of \$283,186,465. These facilities report providing \$635,043 of charity care. Furthermore, 0.22% of revenue may be identified as charity care with hospitals excluded.

Percentage of Revenue That May Be Slated for Charity Care by Facility Type



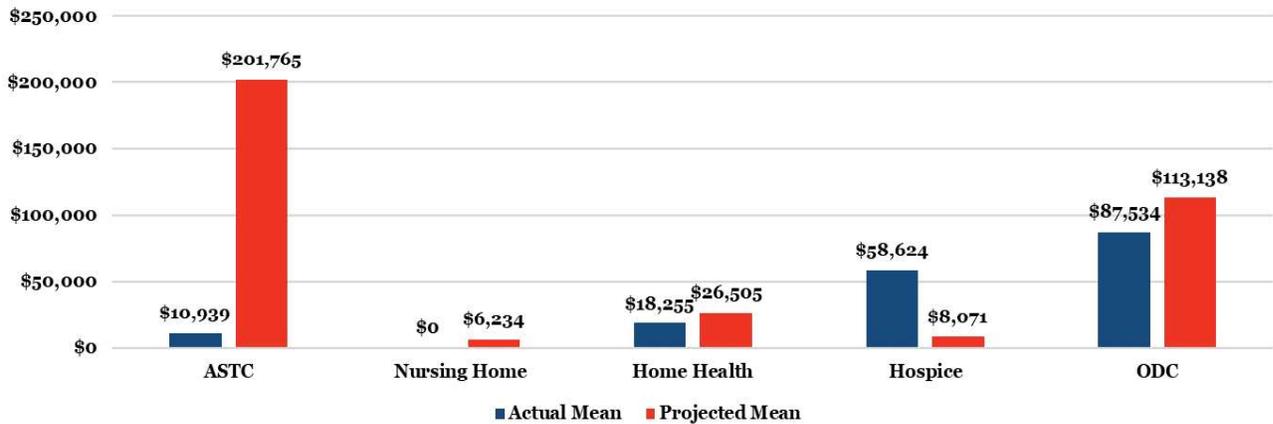
Hospitals were the highest provider of charity care in 2021. On average, hospitals provided \$81,695,309 of charity care. ODCs were the second highest provider of charity care, with \$87,534 on average provided. Of nursing homes included in this report, \$0 of charity care was provided on average, making this facility type the lowest provider. The second lowest provider of charity care is ASTCs with \$10,939 provided on average.

Average Charity Care by Facility Type



In examining the accuracy of projected charity care compared to reported charity care, nursing homes and home health agencies were closest. ASTCs reported amounts were furthest off of from their projections.

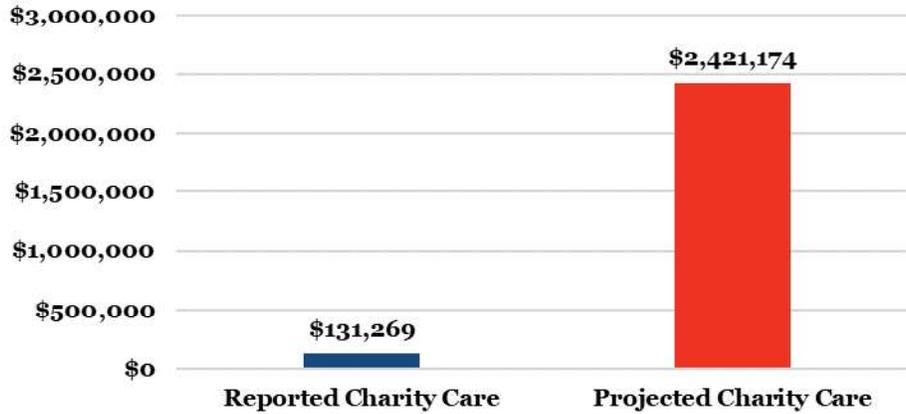
Average Reported Charity Care vs Projected Charity Care by Facility Type



AMBULATORY SURGICAL TREATMENT CENTERS (ASTCs)

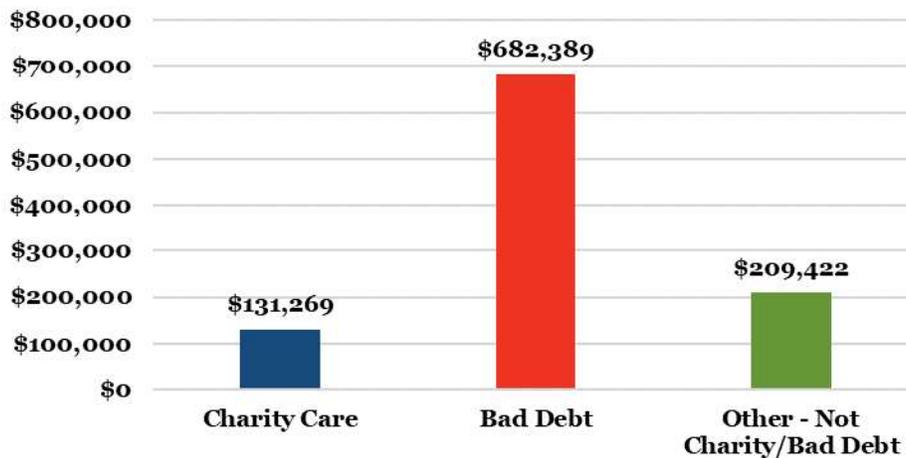
There were twelve ASTCs examined in this report. In 2021, these ASTCs reported collecting \$106,022,087. These ASTCs reported providing \$131,269 of charity care. In their CON applications, a total of \$2,421,174 of charity care was projected to be provided. The ASTCs provided \$2,289,905 less of charity care than projected on their CON applications.

ASTC Reported Charity Care vs Projected Charity Care



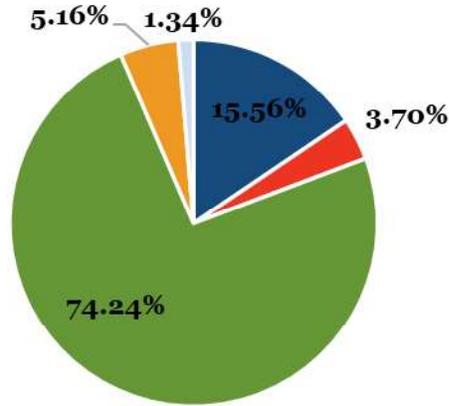
While this report examines charity care for the selected facility types, some facilities are required to self-report bad debt and other uncompensated care in the Joint Annual Report. The twelve ASTCs provided \$1,023,080 in total uncompensated care. However, the difference of projected uncompensated care compared to reported is still \$1,398,094 in the negative.

ASTC Total Uncompensated Care



Examining the twelve ASTCs’ payor source distribution, commercial insurance accounts for 74.24%, whereas government payors account for 19.26%. The following chart shows the twelve ASTCs’ payor source makeup:

Ambulatory Surgical Treatment Centers Payor Source



■ Medicare
 ■ TennCare/ Medicaid
 ■ Commercial
 ■ Self Pay
 ■ Other

Among the twelve ASTCs, reported charity care ranged from \$62,315 to \$4,470. The highest provider of charity care is Tennessee Valley Eye Center in Knox County. The lowest provider of charity care is Specialty Surgery Center in Davidson County. Six of the twelve ASTCs reported providing zero charity care. The following table provides details about the six ASTCs that reported some amount of charity care:

County	Project Name	Total Net Revenue	Charity Care	Percentage of Revenue That May Be Slated for Charity Care
Davidson	Delozier Surgery Center	\$801,050	\$18,500	2.31%
Loudon	Eye Surgery Center of Lenoir City	\$1,140,806	\$18,000	1.58%
Sullivan	Meadowview ASC, LLC	\$3,693,836	\$22,912	0.62%
Knox	Knoxville Eye Surgery Center, LLC d/b/a Tennessee Valley Eye Center	\$12,222,313	\$62,315	0.51%
Davidson	Oral Facial Surgery Center, Inc. dba Specialty Surgery Center	\$1,810,656	\$4,470	0.25%
Coffee	Center for Day Surgery	\$2,272,333	\$5,072	0.22%

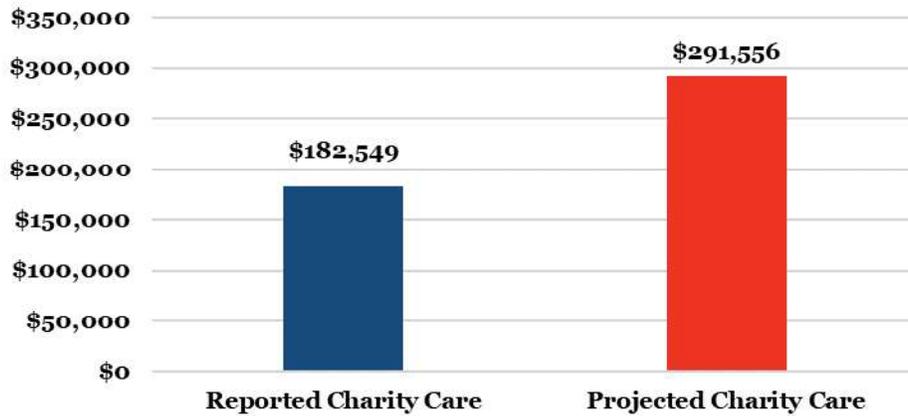
The following table provides further traits about the six ASTCs that reported some amount of charity care:

County	Project Name	Profit Type	Single/ Multi Specialty	No. of OR's	No. Procedure Rooms	Care/Services Offered (If Single)	Charity Care
Knox	Knoxville Eye Surgery Center, LLC d/b/a Tennessee Valley Eye Center	For profit	Single	2	1	Ophthalmology	\$62,315
Sullivan	Meadowview ASC, LLC	For profit	Multi	3	0	Multi	\$22,912
Davidson	Delozier Surgery Center	For profit	Single	1	0	Cosmetic Surgery	\$18,500
Loudon	Eye Surgery Center of Lenoir City	For profit	Single	2	0	Ophthalmology	\$18,000
Coffee	Center for Day Surgery	For profit	Multi	1	0	Multi	\$5,072
Davidson	Oral Facial Surgery Center, Inc. dba Specialty Surgery Center	For profit	Multi	0	3	Multi	\$4,470

HOME HEALTH AGENCIES

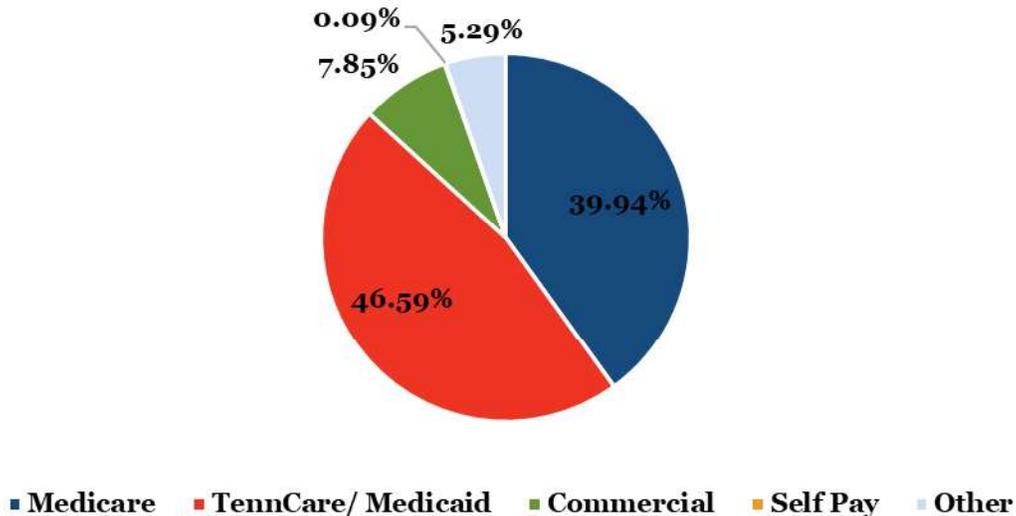
There were ten home health agencies examined in this report. In 2021, these home health agencies reported a gross revenue of \$70,298,360. These home health agencies reported providing \$182,549 of charity care. In their CON applications, a total of \$291,556 of charity care was projected to be provided. The home health agencies provided \$109,007 less of charity care than projected on their CON applications.

Home Health Reported Charity Care vs Projected Charity Care



Examining the ten home health agencies' payor source distribution, commercial insurance accounts for 7.85%, whereas government payors account for 86.53%. The following chart shows the ten home health agencies' payor source makeup:

Home Health Payor Source



Among the ten home health agencies, reported charity care ranged from \$68,000 to \$15,223. The highest provider of charity care is Extencicare Home Health of West Tennessee based in Dyer County. The lowest provider of charity care is Optum Infusion Services based in Shelby County. Five of the ten home health agencies reported providing zero charity care. The following table provides financial details about the six home health agencies that reported some amount of charity care:

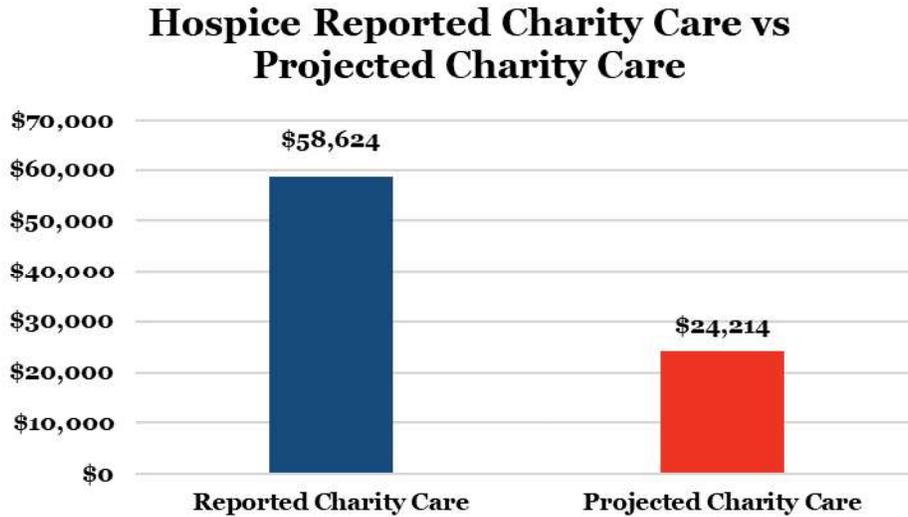
County	Project Name	Total Gross Revenue*	Charity Care	Percentage of Revenue That May Be Slated for Charity Care
Davidson	Intrathecal Care Solution, LLC dba Advanced Nursing Solutions	\$136,164	\$15,926	0.00%
Davidson	Option Care Infusion Services, LLC dba Vanderbilt HC/Option Care IV Services	\$181,404	\$61,872	0.00%
Dyer	Extencicare Home Health of West Tennessee	\$9,493,710	\$68,000	0.00%
Shelby	Optum Infusion Services (BriovaRX Infusion Services)	\$155,079	\$15,223	0.00%
Wilson	Healthfield of Tennessee, LLC dba Kindred at Home I	\$4,896,403	\$21,528	0.00%

The following table provides further traits about the six home health agencies that reported some amount of charity care:

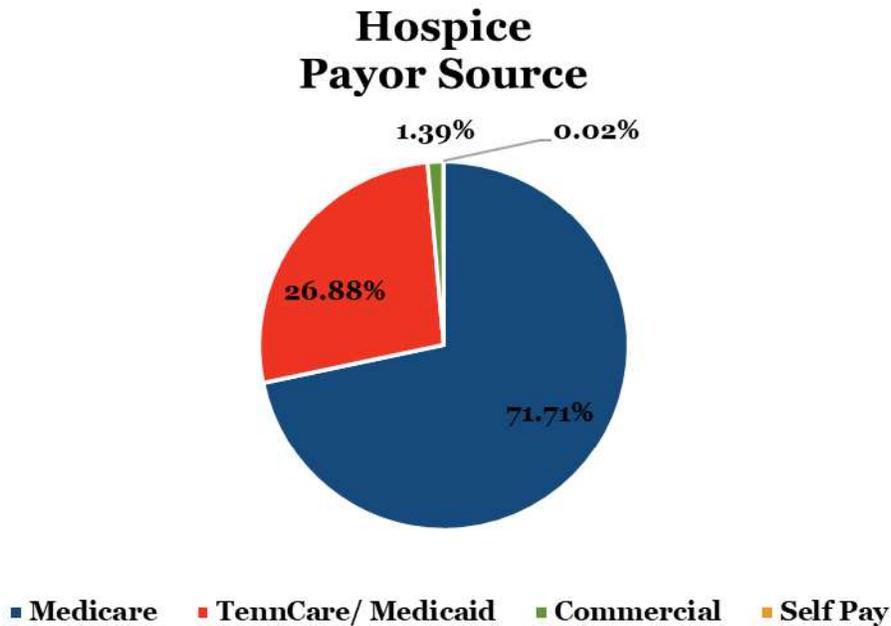
County	Project Name	Profit Type	No. of Licensed Counties	Infusion Only?	Charity Care
Davidson	Intrathecal Care Solution, LLC dba Advanced Nursing Solutions	For profit	93	Yes	\$15,926
Davidson	Option Care Infusion Services, LLC dba Vanderbilt HC/Option Care IV Services	Non-profit	33	Yes	\$61,872
Dyer	Extencicare Home Health of West Tennessee	For profit	21	No	\$68,000
Shelby	Optum Infusion Services (BriovaRX Infusion Services)	For profit	95	Yes	\$15,223
Wilson	Healthfield of Tennessee, LLC dba Kindred at Home I	For profit	16	No	\$21,528

HOSPICES

There was one hospice examined in this report. In 2021, this hospice reported a net revenue of \$17,508,002. This hospice reported providing \$58,624 of charity care. In their CON application, a total of \$24,214 of charity care was projected to be provided. The hospice provided \$34,410 more of charity care than projected on their CON application.



Examining the hospice's payor source distribution, commercial insurance accounts for 1.39%, whereas government payors account for 98.59%. The following chart shows the hospice's payor source makeup:



There was only one hospice examined in this report. Heart and Soul Hospice and Hospice of Hope Tennessee both started service after the latest reporting period for the Joint Annual Report was submitted. Goshen Hospice and Palliative Care was granted a CON but was never licensed and closed shortly after starting services. The following table provides financial details about the one hospice in this report:

County	Project Name	Profit Type	No. Licensed Counties	Charity Care
Davidson	Caris Healthcare	For Profit	23	\$58,624

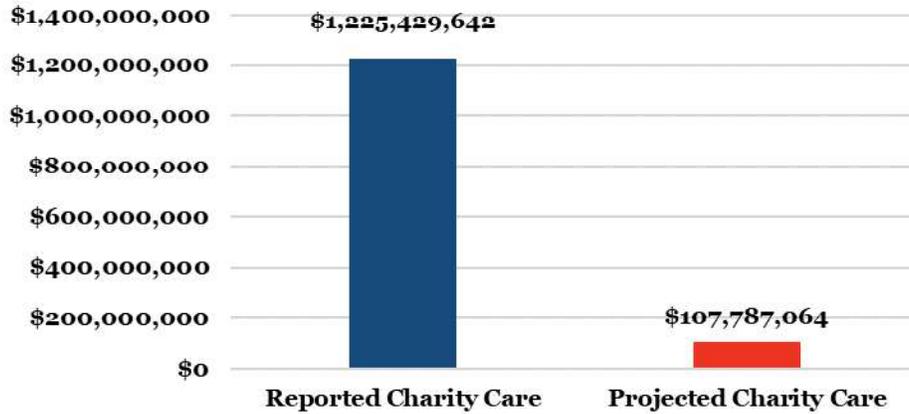
The following table provides further traits about the hospice in this report:

County	Project Name	Total Net Revenue	Charity Care	Percentage of Revenue That May Be Slated for Charity Care
Davidson	Caris Healthcare	\$17,508,002	\$58,624	0.33%

HOSPITALS

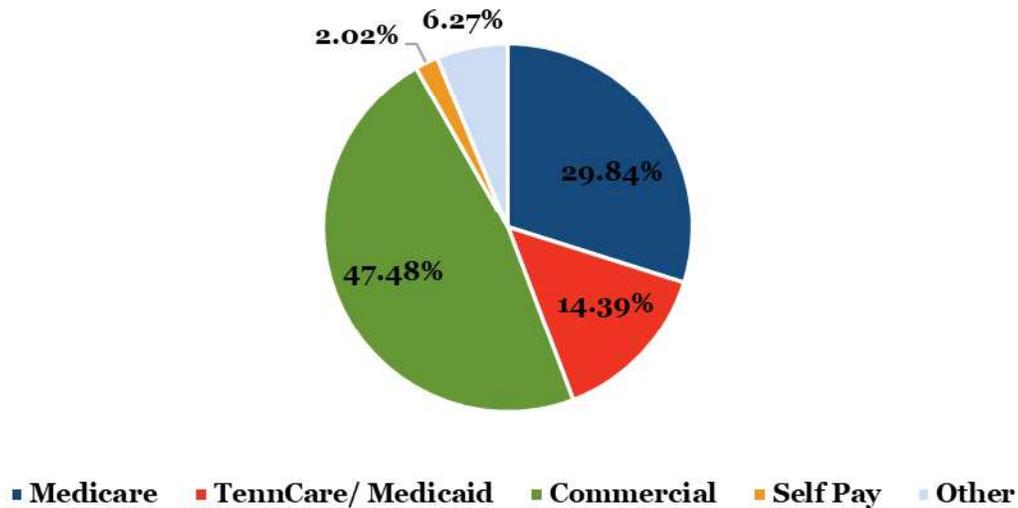
There were fifteen hospitals examined in this report. In 2021, these hospitals reported a net revenue of \$3,946,608,569. These hospitals reported providing \$1,225,429,642 of charity care. In their CON applications, a total of \$107,787,064 of charity care was projected to be provided. The hospitals provided \$1,117,642,578 more of charity care than projected on their CON applications.

Hospital Reported Charity Care vs Projected Charity Care



Examining the fifteen hospitals' payor source distribution, commercial insurance accounts for 47.48%, whereas government payors account for 44.23%. The following chart shows the fifteen hospitals' payor source makeup:

Hospitals Payor Source



Among the fifteen hospitals, reported charity care ranged from \$348,039,750 to \$144,829. The highest provider of charity care is Vanderbilt University Medical Center in Davidson County. The lowest provider of charity care is Crestwyn Behavioral Health in Shelby County. Three of the fifteen hospitals reported providing zero charity care. The following table provides financial details about the fifteen hospitals that reported some amount of charity care:

County	Project Name	Facility Type	Total Net Revenue	Charity Care	Percentage of Revenue That May Be Slated for Charity Care
Shelby	Shelby County Health Care Corporation dba Regional One Health	Hospital	\$249,821,970	\$305,578,175	122.32%
Davidson	TriStar Skyline Medical Center	Hospital	\$300,748,305	\$304,128,834	101.12%
Shelby	Methodist Healthcare Memphis dba Methodist Healthcare North Hospital	Hospital	\$151,605,081	\$94,393,113	62.26%
Dickson	TriStar Horizon Medical Center	Hospital	\$117,176,139	\$69,568,271	59.37%
White	Saint Thomas Highlands Hospital, LLC	Hospital	\$16,561,124	\$4,657,654	28.12%
Rutherford	St. Thomas Rutherford Hospital	Hospital	\$338,940,393	\$93,987,191	27.73%
Davidson	Vanderbilt University Medical Center	Hospital	\$2,457,726,373	\$348,039,750	14.16%
Wilson	Vanderbilt Wilson County Hospital fka Tennova Healthcare Lebanon	Hospital	\$63,070,308	\$2,959,079	4.69%
McMinn	Starr Regional Medical Center-Etowah	Hospital	\$9,783,608	\$453,866	4.64%
Shelby	Regional MED Extended Care Hospital, LLC dba Regional One Health Extended Care Hospital	Long Term Hospital	\$15,212,330	\$329,297	2.16%
Knox	Metro Knoxville HMA, LLC dba Tennova Healthcare, North Knoxville Medical Center	Hospital	\$156,363,141	\$1,189,583	0.76%
Shelby	Crestwyn Behavioral Health	Mental Hospital	\$39,609,608	\$144,829	0.37%

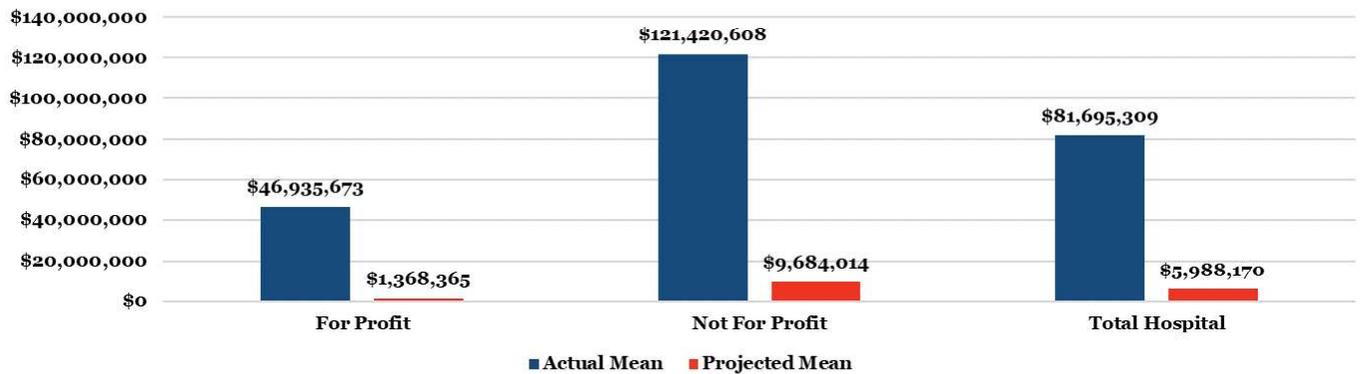
The following table provides further traits about the fifteen hospitals that reported some amount of charity care:

County	Project Name	Facility Type	Profit Type	No. Licensed Beds	No. Staffed Beds	City of Hospital	Charity Care
Davidson	Vanderbilt University Medical Center	Hospital	Not for profit	1175	1174	Nashville	\$348,039,750
Shelby	Shelby County Health Care Corporation dba Regional One Health	Hospital	Not for profit	631	336	Memphis	\$305,578,175
Davidson	TriStar Skyline Medical Center	Hospital	For Profit	286	286	Nashville	\$304,128,834
Shelby	Methodist Healthcare Memphis dba Methodist Healthcare North Hospital	Hospital	Not for profit	583/280	418/232	Memphis	\$94,393,113
Rutherford	St. Thomas Rutherford Hospital	Hospital	Not for profit	286	286	Murfreesboro	\$93,987,191
Dickson	TriStar Horizon Medical Center	Hospital	For Profit	157	101	Dickson	\$69,568,271
White	Saint Thomas Highlands Hospital, LLC	Hospital	Not for profit	60	24	Sparta	\$4,657,654
Wilson	Vanderbilt Wilson County Hospital fka Tennova Healthcare Lebanon	Hospital	Not for profit	170	101	Lebanon	\$2,959,079
Knox	Metro Knoxville HMA, LLC dba Tennova Healthcare, North Knoxville Medical Center	Hospital	For Profit	116	115	Knoxville	\$1,189,583

McMinn	Starr Regional Medical Center-Etowah	Hospital	For Profit	72	18	Etowah	\$453,866
Shelby	Regional MED Extended Care Hospital, LLC dba Regional One Health Extended Care Hospital	Long Term Hospital	Not for profit	30	22	Memphis	\$329,297
Shelby	Crestwyn Behavioral Health	Mental Hospital	For profit	80	66	Memphis	\$144,829

Referencing the Annual Charity Care Report of 2021, much can be shown from categorizing hospitals by profit type. The following chart shows the difference in charity care provided by for-profit hospitals and not-for-profit hospitals:

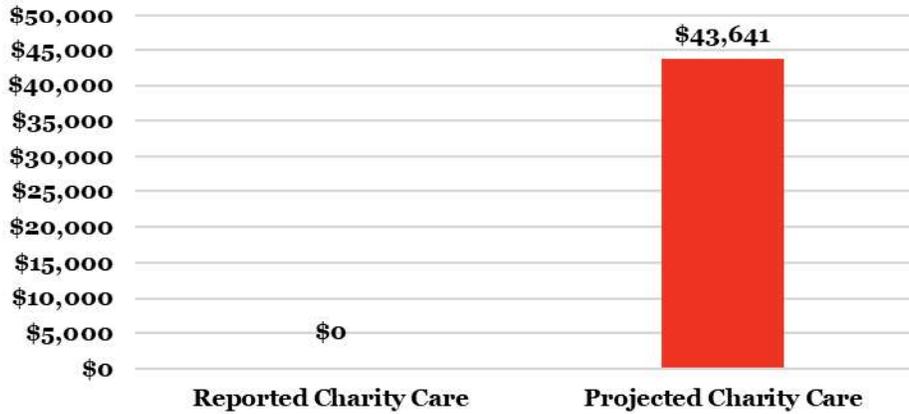
Average Reported Charity Care vs Projected Charity Care by Hospital Type



NURSING HOMES

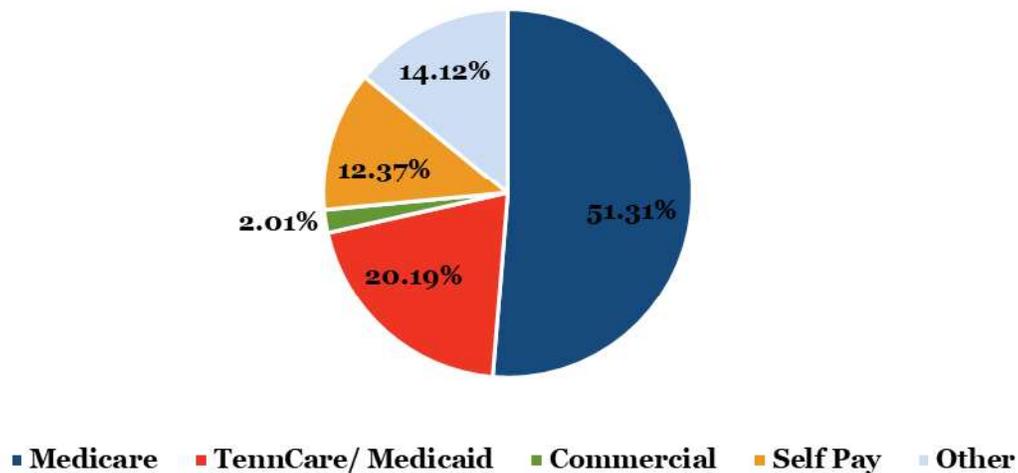
There were seven nursing homes examined in this report. In 2021, these nursing homes reported a net revenue of \$45,589,827. These nursing homes reported providing \$0 of charity care. In their CON applications, a total of \$43,641 of charity care was projected to be provided. The nursing homes provided \$43,641 less of charity care than projected on their CON applications.

Nursing Home Reported Charity Care vs Projected Charity Care



Examining the seven nursing homes' payor source distribution, commercial insurance accounts for 2.01%, whereas government payors account for 71.5%. The following chart shows the seven nursing homes' payor source makeup:

Nursing Homes Payor Source



All seven nursing homes reported providing zero charity care. The following table provides financial details about the seven nursing homes:

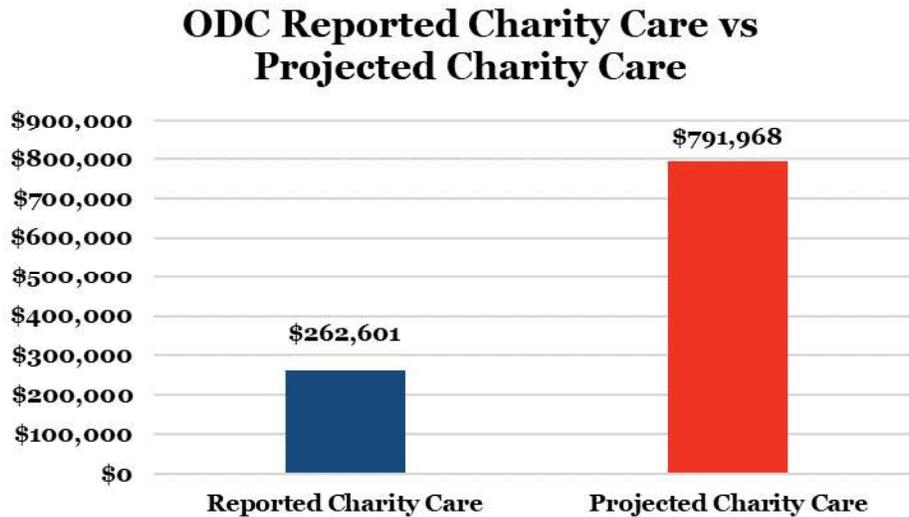
County	Project Name	Total Net Revenue	Charity Care	Percentage of Revenue That May Be Slated for Charity Care
Clay	Celina Health and Rehabilitation Center	\$6,780,277	\$0	0.00%
Cumberland	Good Samaritan Society - Fairfield Glade	\$5,338,746	\$0	0.00%
Hamilton	Soddy Daisy Healthcare Center	\$3,744,302	\$0	0.00%
Knox	NHC Healthcare - Farragut, LLC	\$14,080,996	\$0	0.00%
Shelby	St. Clare Health and Rehabilitation, Inc.*	\$1,894,379	\$0	0.00%
Sullivan	NHC Healthcare - Kingsport	\$8,023,596	\$0	0.00%
Unicoi	Christian Care Center of Unicoi County	\$5,727,531	\$0	0.00%

The following table provides further traits about the seven nursing homes:

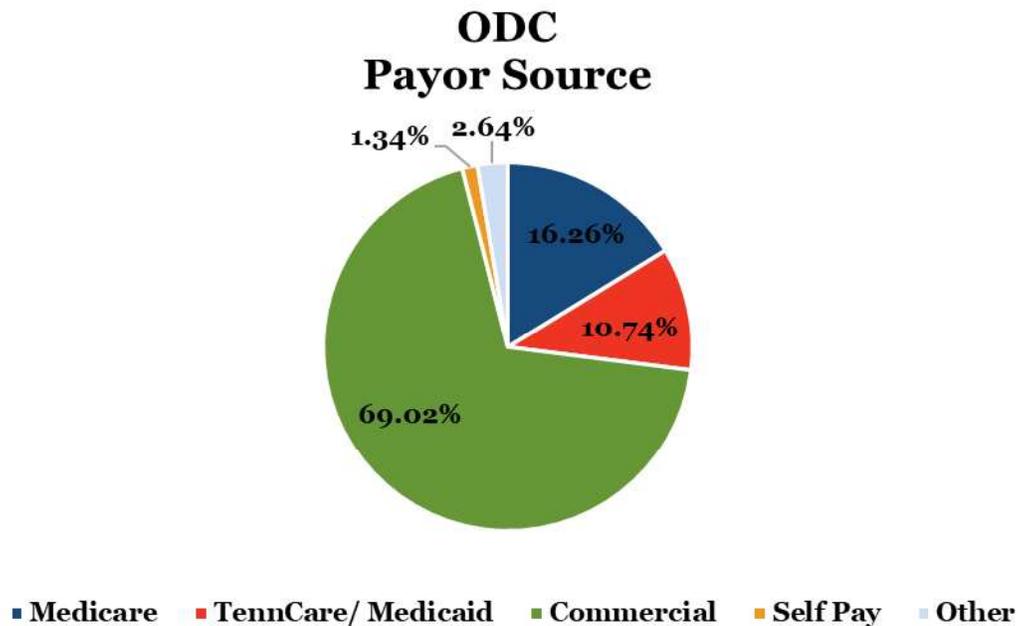
County	Project Name	Profit Type	No. Beds	Certification Types (Use Bed Type)	Charity Care
Clay	Celina Health and Rehabilitation Center	For profit	78	Medicare and Medicaid/TennCare	\$0
Cumberland	Good Samaritan Society - Fairfield Glade	Not for profit	60	Medicare and Medicaid/TennCare	\$0
Hamilton	Soddy Daisy Healthcare Center	For profit	134	Medicare and Medicaid/TennCare	\$0
Knox	NHC Healthcare - Farragut, LLC	For profit	106	Medicare certified only	\$0
Shelby	St. Clare Health and Rehabilitation, Inc.*	Not for profit	48	Medicare and Medicaid/TennCare	\$0
Sullivan	NHC Healthcare - Kingsport	For profit	60	Medicare certified only	\$0
Unicoi	Christian Care Center of Unicoi County	For profit	51	Medicare and Medicaid/TennCare	\$0

OUTPATIENT DIAGNOSTIC CENTERS (ODCs)

There were three ODCs examined in this report. In 2021, these ODCs reported a net revenue of \$43,768,189. These ODCs reported providing \$262,601 of charity care. In their CON applications, a total of \$791,968 of charity care was projected to be provided. The ODCs provided \$529,367 less of charity care than projected on their CON applications.



Examining the three ODCs' payor source distribution, commercial insurance accounts for 69.02%, whereas government payors account for 27%. The following chart shows the seven nursing homes' payor source makeup:



Among the three ODCs, reported charity care ranged from \$127,021 to \$56,113. The highest provider of charity care is Premier Radiology (Gallatin) in Sumner County. The lowest provider of charity care is Premier Radiology (Antioch) in Davidson County. The following table provides financial details about the three ODCs:

County	Project Name	Total Net Revenue	Charity Care	Percentage of Revenue That May Be Slated for Charity Care
Davidson	Middle Tennessee Imaging, LLC dba Premier Radiology (Antioch)	\$9,351,629	\$56,113	0.60%
Rutherford	Middle Tennessee Imaging, LLC d/b/a Premier Radiology (New Salem)	\$13,244,476	\$79,467	0.60%
Sumner	Middle Tennessee Imaging LLC dba Premier Radiology (Gallatin)	\$21,172,084	\$127,021	0.60%

The following table provides further traits about the three ODCs:

County	Project Name	Profit Type	Imaging Services Offered	Charity Care
Davidson	Middle Tennessee Imaging, LLC dba Premier Radiology (Antioch)	For Profit	Radiography, Ultrasound, CT, MRI, Mammography	\$56,113
Rutherford	Middle Tennessee Imaging, LLC d/b/a Premier Radiology (New Salem)	For Profit	Radiography, Ultrasound, CT, MRI, Mammography	\$79,467
Sumner	Middle Tennessee Imaging LLC dba Premier Radiology (Gallatin)	For Profit	Radiography, Ultrasound, CT, MRI, Mammography	\$127,021

STAKEHOLDER FEEDBACK

As the regulatory organization of health facilities, the Health Facilities Commission values collaboration with industry stakeholders. HFC shared this report with each industry's association and provided the opportunity to meet to feedback on the report and submit written comments that would be included in the report.

This is the second *Annual Charity Care Report* produced by the Health Facilities Commission. As a relatively new report, HFC is encouraging feedback from others to improve this report each year. The intent of the *Annual Charity Care Report* is to accurately snapshot the amount of charity care that is provided by health facilities in the state and to hold providers accountable to their Certificate of Need application projections for charity care.

Of the industry stakeholders that this report was shared with, one provided written comments that follow below. HFC's response to the feedback provided by Community Health Systems is summarized below their written comments.

HFC is appreciative of the collaboration and input received by the health care industry. We continue to request feedback on this report that benefits it for 2024 and subsequent years.

December 28, 2022

Mr. Logan Grant
Executive Director
Tennessee Health Facilities Commission
502 Deaderick Street, 9th Floor
Nashville, TN 37243

Dear Mr. Grant:

On behalf of Tennova Healthcare, I first want to thank you for your willingness to listen to our concerns about this issue. We respect the work that the Tennessee Health Facilities Commission does for Tennessee residents across the state and their statutory duty to publish an annual charity care report to the state legislature. However, after careful review, we do think it is important for the commission to consider potential flaws in how the report was prepared.

Specifically, we believe that the commission's report unintentionally mischaracterizes the amount of uncompensated care being offered by Tennessee hospitals, and it cites incomplete metrics that could cause the state legislature's policy making decisions to be misinformed. The below analysis lays out our concerns and recommendations. We thought it was important to be thorough so as to demonstrate the logic and sources behind them. We have summarized conclusions and recommendations at the end of the letter for convenience.

First, we analyzed the amounts that the commission reported as charity care for TN hospitals. To compare charity information contained in the report, we first looked at charity and uncompensated care write-offs that TN hospitals are reporting on worksheet S-10 of their Medicare cost report. The information being reported on worksheet S-10 clearly contradicts what is being reported in the commission's report. Based on a review of Medicare cost report worksheet S-10, Tennova hospitals rank very closely to the state averages in terms of amounts written off to charity or to amounts written off as uncompensated care (charity plus bad debt). I have put together a summary around this analysis, as follows:

Worksheet S-10 is a More Authoritative Source on Uncompensated Care

- **Worksheet S-10 is Used by Medicare to Measure Uncompensated Care:** Medicare requires hospitals to report the cost of uncompensated care on worksheet S-10 of Medicare cost reports,

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which are filed annually based on each hospital's individual Medicare Fiscal Year End (which can vary from hospital to hospital).

- **Time Periods for Medicare Cost Reports:** Each hospital provider has a different Medicare year end, so when using worksheet S-10 to compare uncompensated care, the time frame upon which information is reported will vary by hospital. However, we believe this information can be used for evaluating and comparing hospitals. For our analysis below, we pulled the S-10 worksheets for cost report periods ending during calendar year 2021.
- **CMS Audit Requirements for Worksheet S-10:** Because CMS uses worksheet S-10 as the basis for distributing payments to hospitals from the Medicare Uncompensated Care fund, it requires a 100% audit of this report every year. While there is a lag in when Medicare S-10 reports get audited and used (typically 2-3 years after the initial cost report is filed), the existence of an audit process and role in setting Medicare reimbursement rates encourages accuracy. The Commission is currently using the Tennessee JAR report for calendar year 2021 to source information on uncompensated care for their analysis, and this information from the TN JAR report is not subjected to audit and thus may have a higher likelihood of having incorrect information due to the lack of an audit process.
- **How S-10 Measures and Reports on Uncompensated Care:** As the Tennessee state report is titled "Annual Charity Care Report for 2022", I think it's important to explain how S-10 measures uncompensated care costs, as it is slightly different. Uncompensated Care is reported on S-10 in the following three categories:
 - **Charity for Uninsured Patients:** This category of uncompensated care for uninsured patients includes both charity write offs and self pay discounts, both of which are a write-off of gross charges. Self pay discounts are written-off at the time of initial billing (as a uniform % of charges, with the write-off rate being determined statutorily based upon information reported in the TN JAR report), while charity is written off contingent upon a patient meeting indigency criteria (either through presumptive charity based on credit scores, or a completed charity application).
 - **Charity for Insured Patients:** This category of uncompensated care includes charity write offs for deductibles and copays and is based on patients meeting indigency criteria. Because these amounts are not based on a write off of gross charges, amounts in this category are typically very low when compared to the Uninsured Charity amount.
 - **Bad Debt Expense:** This category of uncompensated care relates to all remaining balances that are attempted collection but eventually written off to bad debt.

- **Some Hospitals Are Not Required To Report S-10:** Hospitals not participating in the Medicare IPPS system are not required to file worksheet S-10 (Children's Hospitals, Psychiatric Hospitals), and some S-10 information is not available for hospitals with new Medicare Provider Numbers (Big South Fork). As such, S-10 information is not publicly available for these providers.
- **Hospitals Excluded from CHS's S-10 Analysis:** Of the 118 hospitals located in the state of Tennessee, 94 hospitals reported information on worksheet S-10. Hospitals not reporting S-10 information include the following:
 - 19 Psychiatric Hospitals
 - 2 Children's Hospitals (St Jude, East TN)
 - 2 Closed Hospitals (Perry, TenBrock/PremierCare)
 - 1 New Hospital (Big South Fork) - has not yet filed a Medicare cost report
- **A further note for Tennova Knoxville** - Tennova North Knoxville (Powell) and Tennova Turkey Creek share a Medicare provider number and thus combine into a single Medicare cost report (therefore, their S-10 is combined). For the TN JAR report, they file separately. There is a slight difference in presentation here for Tennova Knoxville between TN JAR and S-10 in terms of how the campuses are reported (combined for Medicare, separate for TN JAR).

Tennova Has Prepared a More Meaningful Analysis of Uncompensated Care Using Worksheet S-10 (See Attachment)

As noted in the beginning of this email, using S-10 as the basis for analyzing charity and uncompensated care yields a very different result than in what has been reported in the State's "Annual Charity Care Report for 2022". When comparing Tennova hospitals to other TN hospitals, we see the following:

- **Using Charity Write-Offs for Uninsured Patients as the Measure:** When we use uninsured charity care write-offs (which include self pay discounts) as a percentage of total gross charges, Tennova hospitals averaged 4.93% of total charges, as compared to a statewide average of 5.05%. When individual hospitals are ranked by this percentage, Tennova hospitals ranked 15th-40th out of 94 hospitals reporting S-10 information. So, using this metric, very comparable to the average hospital in the State of TN relative to writing off amounts to charity (when including self pay discounts, as Medicare requires on S-10).
- **Using Total Uncompensated Care as the Measure:** When we use total uncompensated care write-offs (which include charity, self pay discounts, and bad debt) as a percentage of total gross charges, Tennova hospitals averaged 6.26% of total gross charges as

compared to a statewide average of 6.29%. When individual hospitals are ranked by this percentage, Tennova hospitals ranked 17th - 64th out of 94 hospitals reporting S-10 information. Similar to our first analysis, Tennova is very comparable to the average hospital in the state of TN relative to writing off amounts as uncompensated care (charity, self pay discounts, and bad debt).

- **Comparing Tennova to Other Health Systems:** On both metrics defined above, Tennova compares very similarly to other health systems with significant footprints in Tennessee, including Ascension, Baptist, HCA Tristar, Vanderbilt, and West TN Healthcare. In fact, Tennova hospitals exceed levels of uncompensated care for some hospitals identified as "high charity" hospitals in the State's report (like Vanderbilt University Medical Center).

Thoughts on the State's Report

Ultimately, we believe that the State's way of measuring charity care in its report is flawed. One cannot measure charity care by comparing charity write-offs (which are gross charges and thereby a very high number) to net patient revenue (which by definition excludes any net revenue from charity patients, but such patients pay \$0 or near \$0 for services). Some relevant quotes and points from the State's report are as follows:

- Page 4 (Introduction and Methodology) states the following: "There are limitations to using data from the Joint Annual Reports. This data is self-reported from the facilities and can be inconsistent. Charity care is not a revenue source, so it cannot be used in formulas directly to find it as a percentage of revenue." **We believe this statement demonstrates that the charity ratios listed later in the report are invalid and potentially misleading.** Yet, despite this comment, the report uses ratios of charity to net revenue, making statements as follows:
 - Page 5 (General Trends) states that "The most recent Joint Annual Reports data shows that these health facilities reported a total revenue of \$4,229,795,034 (\$4.2 billion). These facilities report providing \$1,226,064,685 (\$1.2 billion) of charity care. Therefore, for these facilities, 28.98% of revenue may be identified as charity care."
- Page 15 (Hospitals) contains a chart that ranks the top and bottom hospitals, reporting on charity as a % of net patient revenue. Tellingly, this chart shows the flaw in the State's calculation: 2 hospitals are reported as having ratios of more than 100%! Interpreting that chart means that these hospitals are providing more charity than total business, which is irrational and shows how misleading such a metric can be.

Legislature Asks for Uncompensated Care Cost, Not Charity Care

The legislature does not actually mandate reporting on charity but does require reporting on uncompensated care cost, as evidenced by the following language:

TCA 68-11-1601 (11):

"Submitting an annual report no later than January 15 of each year, to the chairs of the health and welfare committee of the senate and the health committee of the house of representatives that includes but is not limited to a comparison of the actual payer mix and uncompensated care provided by certificate of need holders with the projections the holders submitted in the holder's certificate of need application"

As such, it is unclear to us as to why the commission would be reporting on charity rather than total uncompensated care.

Conclusion

For reasons stated above, we believe that the information reported in the commission's "Annual Charity Care Report" is misleading if its intent is to portray accurately the amount of uncompensated and charity care provided by hospitals in Tennessee. Consequently, we fear distribution of the report as currently written will cause readers to be misinformed as to the amount of uncompensated care that is being provided by hospitals in the State of Tennessee. Of specific concern is the fact that this report is intended to inform the TN General Assembly on uncompensated care and thus may result in having some impact on future healthcare policy. As such, we suggest the following:

- The State is currently reporting on charity rather than total uncompensated care (which includes charity, self-pay discounts, and bad debt). Why does the commission's report not include total uncompensated care? We would recommend that the commission revise the report to include total uncompensated care and not just charity care.
- The State should never report a ratio of charity (or uncompensated care) to net patient revenue. This metric is irrational for the reasons described above (essentially compares apples and oranges). We suggest reporting a different metric that is more meaningful, such as charity care (or uncompensated care) as a % of total gross charges since these are stated on the same basis and provide a meaningful metric.
 - Note - We have clearly demonstrated that the TN report incorrectly characterizes and ranks TN hospitals in terms of charity, in ways that have caused some hospitals to appear as high charity (i.e., 122% of net revenue for example) or low charity (with a Tennova hospital appearing in the bottom 5 ranking, when in fact it actually falls in the middle of the

pack). A comparison of the State's report to the attached PDF report can be used to make this point.

- For hospitals required to file a Medicare cost report with worksheet S-10 information, we recommend that the preparer of this report should use total uncompensated care (or uninsured charity) as the basis for reporting rather than the unaudited JAR report.
- For hospitals that do not file a Medicare cost report with worksheet S-10 information, we recommend that the preparer of the state report should pull total gross charges and charity care amounts from the JAR report as the next best alternative and use this information when comparing those hospitals to others that did report S10. This would take care of the 19 psychiatric hospitals and 2 children's hospitals that do not file an S-10 report.

Again, thank you for your willingness to consider the points above. We would welcome working with the commission to ensure this report accurately reflects uncompensated care and legislative intent. We want to avoid the state issuing a report that misinforms the public on the role their respective hospital is playing in community.

Sincerely,



Chad Campbell
Regional President

CC: Michael Bivens
Douglas Skrzyniarz

Community Health Systems
Worksheet 5-10 Uncompensated Care for Tennessee Hospitals
For Cost Report Years Ended During Calendar Year 2021 (*)

Sheet Line Number Column
S200001 20 1
C00001 200001 8

Cost Report Reference:

Grand Total, All Providers Reporting S10:

Method 1: Charity Write Offs (Uninsured Only) as % of Total Gross Charges
Note: This measure includes charity and uninsured discounts.

Method 2: Total Uncompensated Care (Charity for Uninsured + Self Pay After Ins. Plus Bad Debt Expense)

Table with columns: Index, Provider, Hospital, CHS, Notes, FVE, Hospital Access, Critical Access, Payers, Total Gross Charges, All Uninsured, 5-10 Uninsured, Charges, Ratio, Rank, Uninsured Charity, Insured Charity, Non Medicare Bad Debt, Total Uncompensated, Gross Charges, Ratio, Rank.

CHS Hospitals (Sorted by Medicare Provider Number)

All Other Hospitals (Sorted by Parent, then Medicare Provider Number)

Community Health Systems
Worksheet 5-10 Uncompensated Care for Tennessee Hospitals
For Cost Report Years Ended During Calendar Year 2021 (*)

Sheet	S200001	C000001
Line Number	20	200
Column	1	8

Cost Report Reference:

Grand Total, All Providers Reporting S10:

Sum for Health Systems:

Index	Provider	Hospital	CHS	Notes	FYE	Access	Critical	Total Gross Charges, All		Ratio	Rank	Uninsured Charity	Insured Charity	Non Medicare Bad Debt	Total Uncompensated	Gross Charges	Ratio	Rank
								Payors	5-10 Uninsured Charity									
66	440109	HARDIN MEDICAL CENTER	X		06/30/21	N		6,142,355	3,65%	63	6,142,355	286,288	4,700,414	11,129,057	168,439,679	6.61%	46	
67	440110	FORT LOUDOUN MEDICAL CENTER	X		12/31/21	N		5,522,940	4.30%	44	5,522,940	133,072	2,215,569	7,871,571	128,538,661	6.12%	56	
68	440111	METRO NASHVILLE GENERAL HOSPITAL	X		06/30/21	N		47,969,276	19.66%	71	47,969,276	1,685,072	22,603,783	72,258,131	243,965,699	29.62%	1	
69	440125	FORT SANDERS REGIONAL MEDICAL CENTER	X		12/31/21	N		48,805,825	4.23%	47	48,805,825	955,798	17,178,390	66,940,033	1,153,872,788	5.80%	60	
70	440132	HENRY COUNTY MEDICAL CENTER	X		06/30/21	N		7,216,173	2.20%	73	7,216,173	554,847	3,235,983	11,007,003	289,120,056	3.81%	83	
71	440148	DEKALB COMMUNITY HOSPITAL	X		06/30/21	N		5,634,592	8.89%	8	5,634,592	120,882	1,278,840	7,033,814	63,378,752	11.10%	11	
72	440152	REGIONAL ONE HEALTH	X		06/30/21	N		184,429,245	11.46%	3	184,429,245	5,714,327	73,989,249	264,037,721	1,609,213,037	16.41%	2	
73	440156	PARRISH MEDICAL CENTER	X		09/31/21	N		145,919,139	6.66%	20	145,919,139	1,340,448	27,949,584	175,209,171	2,189,435,298	8.00%	39	
74	440159	DELTA SPECIALTY HOSPITAL	X		09/31/21	N		112,894	0.16%	89	112,894	184,887	3,180,462	3,478,343	68,823,259	5.00%	69	
75	440173	PARKWEST MEDICAL CENTER	X		08/31/21	N		3,102,155	2.51%	72	3,102,155	945,622	10,460,518	15,616,477	1,255,514,009	5.13%	87	
76	440175	SOUTHERN TENNESSEE REGIONAL HEALTH SYSTEM LAWRENCE	X		12/31/21	N		17,605,553	3.84%	54	17,605,553	9,787,837	5,828,640	32,207,203	683,355,595	3.27%	55	
77	440176	INDIAN PATH COMMUNITY HOSPITAL	X		09/31/21	N		1,760,553	2.58%	71	1,760,553	381,302	4,040,348	22,007,203	683,355,595	3.27%	55	
78	440183	ST FRANCIS HOSPITAL	X		05/31/21	N		17,609,704	2.41%	44	17,609,704	54,620	4,895,546	29,815,532	1,993,527,638	6.67%	20	
79	440184	FRANKLIN WOODS COMMUNITY HOSPITAL	X		05/31/21	N		452,010,944	7.41%	5	452,010,944	376,762	2,901,883	452,010,944	4,500,994	5.79%	61	
80	440187	LIVINGSTON REGIONAL HOSPITAL	X		02/28/21	N		175,355,999	3.76%	59	175,355,999	3,946,383	3,946,383	10,139,169	175,355,999	5.79%	61	
81	440200	STONES RIVER HOSPITAL	X		06/30/21	N		3,212,466	10.99%	5	3,212,466	83,031	4,783,461	4,783,461	3,222,804	14.86%	3	
82	440228	SAN FRANCISCO BARTLETT MEDICAL CENTER	X		05/31/21	N		78,693,938	6.62%	22	78,693,938	1,741,103	1,741,103	96,535,041	1,189,084,477	8.12%	26	
83	440331	TRISTAR HOSPITAL	X		06/30/21	N		1,611,958	0.13%	90	1,611,958	580,325	894,342	1,598,625	12,573,371	1.30%	92	
84	441301	PROSPOINT MEDICAL CENTER	X		09/30/21	Y		1,766,267	6.24%	26	1,766,267	1,766,267	1,863,255	3,450,202	28,400,294	12.11%	32	
85	441303	THREE RIVERS HOSPITAL	X		12/31/21	Y		28,400,294	0.27%	88	28,400,294	15,575	1,766,267	1,766,267	25,516,138	6.68%	45	
86	441304	ADAMS COUNTY COMMUNITY HOSPITAL	X		06/30/21	Y		2,171,947	6.47%	63	2,171,947	83,939	9,511,521	7,251,964	2,516,167	2,628	45	
87	441305	EVAN GLEN REGIONAL HOSPITAL	X		06/30/21	Y		1,959,973	3.80%	75	1,959,973	731,268	1,650,416	7,682,416	87,435,408	3.68%	52	
88	441306	EVAN GLEN REGIONAL HOSPITAL	X		06/30/21	Y		3,971,450	3.80%	67	3,971,450	3,971,450	3,971,450	7,682,416	87,435,408	3.68%	52	
89	441309	MARSHALL MEDICAL CENTER	X		06/30/21	Y		1,714,586	2.65%	76	1,714,586	674,386	1,714,586	4,013,303	55,215,159	5.24%	31	
90	441310	RHEA MEDICAL CENTER	X		06/30/21	Y		1,516,824	3.12%	76	1,516,824	81,169	3,415,109	5,013,303	17,501,306	7.01%	39	
91	441313	HANDCOCK COUNTY HOSPITAL	X		06/30/21	Y		1,020,570	0.46%	90	1,020,570	13,755	5,593,349	1,874,147	15,437,586	1.01%	100	
92	441314	LAURENCE COMMUNITY HOSPITAL	X		12/31/21	Y		5,880,924	0.00%	90	5,880,924	15,475	5,880,924	5,880,924	40,003,491	13.74%	94	
93	441322	HOUSTON COUNTY COMMUNITY HOSPITAL	X		06/30/21	Y		1,741	0.01%	91	1,741	2,503,070	2,506,811	2,506,811	26,555,006	3.44%	15	

Index	Provider	Hospital	CHS	Notes	FYE	Access	Critical	Closed	New	Non-Medicare	Gross	Ratio	Rank	Uninsured Charity	Insured Charity	Non Medicare Bad Debt	Total Uncompensated	Gross Charges	Ratio	Rank	
																					95
96	441323	BIG SOUTH FORK MEDICAL CENTER	X		NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND					
97	443302	ST LUDE CHILDRENS RESEARCH HOSPITAL	X		NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND					
98	443303	EAST TENNESSEE CHILDRENS HOSPITAL	X		NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND					
99	444001	MEMPHIS MENTAL HEALTH INSTITUTE	X		06/30/21	N					86,567										86,567
100	444002	MCCASIN BEND MENTAL HEALTH INSTITUTE	X		06/30/21	N					46,195,591										46,195,591
101	444003	RIDGEVIEW PSYCHIATRIC HOSPITAL AND CENTER	X		06/30/21	N					9,904,109										9,904,109
102	444004	LAKEVIEW BEHAVIORAL HEALTH SYSTEM	X		12/31/21	N					153,843,169										153,843,169
103	444005	UNITY PSYCHIATRIC CARE MARTIN	X		12/31/21	N					3,331,500										3,331,500
104	444007	ROLLING HILLS PSYCHIATRIC HOSPITAL	X		02/28/21	N					66,696,783										66,696,783
105	444008	WESTERN MENTAL HEALTH INSTITUTE	X		06/30/21	N					21,925										21,925
106	444010	PATHWAYS OF TENNESSEE, INC	X		06/30/21	N					9,508,816										9,508,816
107	444014	MIDDLE TN MENTAL HEALTH INSTITUTE	X		06/30/21	N					170,593										170,593
108	444019	UNITY PSYCHIATRIC CARE CLARKSVILLE	X		12/31/21	N					4,349,270										4,349,270
109	444021	UNITY PSYCHIATRIC CARE COLUMBIA	X		12/31/21	N					4,089,049										4,089,049
110	444022	TEN BRECKE TENNESSEE	X		NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND	NOT FOUND					
111	444023	PERIMETER BEHAVIORAL CENTER OF JACKSON	X		12/31/21	N					15,436,400										15,436,400
112	444024	UNITY PSYCHIATRIC CARE MEMPHIS	X		12/31/21	N					4,840,622										4,840,622
113	444025	CRESTMEN BEHAVIORAL HEALTH	X		12/31/21	N					42,770,000										42,770,000
114	444026	ERLANGER BEHAVIORAL HOSPITAL, LLC	X		12/31/21	N					57,726,450										57,726,450
115	444027	CREKESIDE BEHAVIORAL HEALTH	X		12/31/21	N					42,446,265										42,446,265
116	444028	BEHAVIORAL HEALTH OF ROCKY TOP, LLC	X		06/30/21	N					3,250,248										3,250,248
117	444029	PINEWOOD SPRINGS	X		07/31/21	N					45,654,902										45,654,902
118	444030	ASCENSION SAINT THOMAS BEHAVIORAL HEALTH HOSPITAL	X		12/31/21	N					17,600,700										17,600,700

Hospitals Not Reporting 5-10 (Childrens Hospitals, Psychiatric, and New Medicare Providers)

HFC's Summary Response to Community Health Systems (CHS) Written Comments

- CHS recommends that the Annual Charity Care Report analyze total uncompensated care, rather than just charity care.
 - The Health Facilities Commission appreciates this recommendation. However, the Certificate of Need application only requests applicants to project charity care and bad debt. The Joint Annual Report for all facility types does not distinguish between means of uncompensated care. In addition, there are many forms of uncompensated care that are not measured by the JAR. Much of the data requested has been not shared due to being considered proprietary information. HFC staff will request the Department of Health to collaborate on improvements to the information requested in the JAR.
- CHS explains that charity care should not be reported as a ratio to net patient revenue.
 - The Health Facilities Commission agrees in part with this recommendation. While charity care is not measured as a revenue source, as mentioned in the Introduction and Methodology section of the Report, HFC chose a metric to equalize providers for the amount of charity care provided.
 - Through this comparison, it can be found that high providers of charity care tend to be non-profit and community focused.
- CHS recommends that data from the Medicare S-10 Worksheet is utilized in gathering data on charity care.
 - The Health Facilities Commission appreciates the recommendation of this resource. Unfortunately, the CMS S-10 Worksheet is only required from hospitals. To be statistically consistent to accurately compare all providers, HFC utilizes the most recent *Joint Annual Report* (JAR). Each provider that this report analyzed is required by the Tennessee Code Annotated to report to the JAR.
 - The CMS S-10 Worksheet is only required by some hospitals. As noted in CHS's written comments, of the 118 hospitals in the state, only 94 hospitals were required to complete the worksheet. Psychiatric Hospitals, Children's Hospitals, and new hospitals are excluded from the analysis gained by the CMS S-10 Worksheet.